

INTERNATIONAL SHOE COMPANY

St. Louis

Certified Balance Sheet

As at November 30, 1917

MARWICK, MITCHELL, PEAT & CO.

CHARTERED ACCOUNTANTS

INTERNATIONAL SHOE Co.

SUCCESSORS TO
ROBERTS, JOHNSON & RAND SHOE CO.—PETERS SHOE CO.—FRIEDMAN-SHELBY SHOE CO.
MANUFACTURERS.
1501-1509 WASHINGTON AVE.
ST. LOUIS, MO.

EXECUTIVE OFFICE

St. Louis, Mo.,

Dec. 19th, 1917.

TO THE STOCKHOLDERS OF THE INTERNATIONAL SHOE COMPANY:

The Company's substantial earnings of \$5,405,000.00 for the fiscal year ending November 30th, 1917, warrant the payment to its Common Stock holders of an extra dividend of one per cent, which has been declared and will be paid on December 24th.

The financial condition of the Company continues to improve in the ratio of its quick convertible assets to current liabilities. The volume of business for the last fiscal year was in excess of Forty Six Million Dollars, which is many million dollars more than the known volume of any other shoe business in the world.

In good years or bad, in times of peace or under war conditions, the Company's ability to pay to its stockholders a fair dividend, consistent with the price of its Common Stock, is its strongest safeguard at present and its surest promise of stability under changed conditions at the close of the war.

The regular and continuous payment of dividends indicates in advance what the stockholders may fairly expect under at least normal conditions, while high dividends in one year with a corresponding reduction in another is not conducive to the interests of the shareholders or the Company.

Our tannery, which is now completed and in operation, is producing as good leather as the product of the best and oldest tanneries. It is one of the largest and most complete establishments of this kind in the world and your officers and directors confidently anticipate that it will prove to be a strong and profitable adjunct to our shoe business.

The Company has more orders now than at the same time last year; all of its factories are fully employed and within the next thirty days we shall open a factory at Marshall, Mo.

The large increase in the volume of our business is marked evidence of the growing popularity of our shoes and justifies our firm faith in the future of the Company.

Yours very truly,



Chairman of the Board.

U. S. A.
 NEW YORK, 79 WALL STREET
 BOSTON, 148 STATE STREET
 PHILADELPHIA, 1421 CHESTNUT STREET
 WASHINGTON, 733 FIFTEENTH STREET, N.W.
 NEW ORLEANS, 220 CARondelet STREET
 PITTSBURGH, 248 FOURTH AVENUE
 CHICAGO, 108 SOUTH LA SALLE STREET
 MILWAUKEE, PABST BUILDING, WISCONSIN STREET
 ST. LOUIS, 412 PINE STREET CORNER BROADWAY
 KANSAS CITY, 824 WALNUT STREET
 DETROIT, 155 GRISWOLD STREET CORNER FORT STREET, W.
 MINNEAPOLIS, 115 SOUTH FOURTH STREET
 DALLAS, 1508 MAIN STREET
 SALT LAKE CITY, WALKER BANK BUILDING
 PORTLAND, 328 MORRISON STREET CORNER BROADWAY
 SAN FRANCISCO, 310 CALIFORNIA STREET

CABLE ADDRESS "MAWIKMIT" FOR ALL OFFICES
 CODES - WESTERN UNION - A B C 5TH EDITION

MARWICK, MITCHELL, PEAT & CO.

CHARTERED ACCOUNTANTS

PARTNERS

MARWICK, MITCHELL & CO.

W. B. PEAT & CO.

CANADA
 MONTREAL, 260 ST JAMES STREET
 TORONTO, 2-8 KING STREET, EAST
 WINNIPEG, 211 PORTAGE AVENUE
 MOOSE JAW, 505 WALTER SCOTT BLOCK
 CALGARY, HERALD BUILDING, FIRST STREET, W.
 VANCOUVER, 510 HASTINGS STREET, W.

616 FEDERAL RESERVE BANK BUILDING

BROADWAY AND PINE STREET

EUROPE
 LONDON, PINNERS HALL, OLD BROAD STREET
 GLASGOW, 135 DUCHANAN STREET
 PARIS, 5 RUE DAUNOU PRES L AVENUE DE L OPERA

ST. LOUIS December 19, 1917.

We have audited the accounts of the International Shoe Company for the year ended November 30, 1917, and certify that the balance sheet appended hereto properly presents, in our opinion, the financial position of the Company as at that date.

The cash in banks and on hand has been verified by certificates from the several depositories and by actual count, respectively, while the notes and accounts receivable are stated after making due provision for bad and doubtful debts and discounts. The inventories of manufactured merchandise, raw materials, supplies, etc., as taken under the supervision of responsible officials of the Company, are priced on the basis of net cash cost to the Company.

The securities for the investments, and the collateral for advances to employees on Liberty Loan Bonds and on Capital stock of the Company, have been produced for inspection, and we have examined the vouchers and other data in support of the expenditures on additions to physical properties during the year under review. The amount charged to operations in respect of depreciation and maintenance of the physical properties for the year under review is, in our opinion, adequate for these purposes.

All liabilities of the Company at November 30, 1917, of which we have cognizance, are included in the balance sheet, and provision has been made for Income and War Excess Profits Taxes in accordance with a conservative interpretation of the existing Statutes.

Harwin Mitchell frat. Co.

BALANCE

As at November

ASSETS

Current and Working Assets:

Cash in Banks and on Hand	\$	1,030,263.36	
Customers' Acceptances and Notes Receivable		47,697.74	
Accounts Receivable:			
Customers', less Reserve for Bad Debts and Discounts		7,719,279.44	
Officers' and Employees', including Salesmen's			
Traveling Advances		63,545.95	
Advances to Employees, secured by Liberty Loan Bonds and			
Capital Stock of the Company		245,524.62	
Inventories:			
Manufactured Merchandise	\$	4,046,156.53	
Raw Materials, Supplies and Merchandise			
in Process		6,965,637.38	11,011,793.91
Total Current and Working Assets			20,118,105.02

Expenses Paid in Advance:

Insurance Premiums, Interest, Taxes, and other deferred			
charges against operations			244,013.77

Investments in Stocks and Bonds

47,250.00

Real Estate, Buildings, Machinery and
Equipment:

Gross Book Value as at Nov. 30, 1916	\$	3,988,008.99	
Add - Expenditure on New Construction in			
respect of Tannery and Shoe Factories		541,597.25	
Total		4,529,606.24	

Less - Reserve in respect of Depreciation
on Physical Properties

1,019,182.63 3,511,423.61

Goodwill, Trademarks and Brands

12,750,000.00

Total

\$ 36,670,792.40

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ember 30, 1917LIABILITIES

Current and Accrued Liabilities:

36	Notes Payable - Brokers and Banks	\$ 4,025,000.00
4	Accounts Payable for Merchandise, Supplies, etc.	1,058,140.49
	Officers' and Employees' Balances, Deposits, etc.	167,397.36
4	Liberty Loan Bonds subscriptions unpaid	<u>158,000.00</u>
5	Total Current and Accrued Liabilities	5,408,537.85

52	Reserve for Income and War Excess Profits Taxes and other Contingencies	1,270,000.00
	Reserve for Dividend on Preferred Stock	150,000.00

Capital Stock:

91	Authorized in Shares of \$100 each -	
32	127,500 shares Common Stock and	
	122,500 shares 7% Cumulative Preferred	
	Stock	\$ 25,000,000.00
77	Whereof Issued:	
	Common - 127,500 shares of \$100 each	12,750,000.00
00	Preferred - 100,000 shares of \$100 each	<u>10,000,000.00</u>
	Total Capital Stock Issued	22,750,000.00

	Reserve for Trade Conditions affecting Raw Material Market	1,000,000.00
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Surplus:

	Surplus as at November 30, 1916	\$ 3,546,148.93
	Premium on sale of 5,750 shares of Preferred Stock	51,750.00
	Net Earnings for year ended	
	Nov. 30, 1917	\$ 5,353,980.62
.61	Less - Amount transferred	
	to Reserve for Income and	
.00	War Excess Profits Taxes	
	and other Contingencies	<u>1,270,000.00</u>
	Gross Surplus	<u>4,083,980.62</u>
		7,681,879.55
	Less Dividends Declared:	
	Common Stock - 7%	\$ 892,500.00
	Preferred Stock - 7%	<u>697,125.00</u>
		1,589,625.00
	Net Surplus, November 30, 1917	<u>6,092,254.55</u>
.40	Total	\$ 36,670,792.40